



TOM TINDALL
Director

County of Los Angeles INTERNAL SERVICES DEPARTMENT

1100 North Eastern Avenue
Los Angeles, California 90063

Telephone: (323) 267-2101
FAX: (323) 264-7135

"To enrich lives through effective and caring service"

October 25, 2012

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Tom Tindall
Director

A handwritten signature in cursive script, reading "Tom Tindall", is written over the printed name and title.

Subject: **STATE FUNDING TO CONTINUE COUNTY AMERICAN RECOVERY
AND REINVESTMENT ACT ENERGY PROGRAMS**

As previously reported to your Board, ISD has been actively working with the California Public Utilities Commission (CPUC) and local investor-owned utilities (IOUs) to continue offering successful energy programs that were originated under the American Recovery and Reinvestment Act (ARRA).

On October 9, 2012, the CPUC issued a Draft Decision approving 2013-2014 IOU ratepayer funded Energy Efficiency Programs and Budgets. In the Draft Decision, the CPUC allocated approximately \$45 million to Los Angeles County to continue operating a variety of programs initiated using ARRA funding, including Energy Upgrade California (EUC) home retrofit packages, public and private energy financing, and regional energy management services support for local governments. Additionally, the CPUC directed that these programs would best benefit ratepayers if offered regionally, so this funding was apportioned to the County to manage programs throughout the Southern California Edison (SCE) and Southern California Gas (SCG) Company service territories.

It is significant that the CPUC recognized the County's leadership and accomplishments under the ARRA grants by not only funding continuation of these programs, but also authorizing the County to maintain its role as a regional leader by managing and implementing these programs on a larger scale.

A more detailed description of the scope of the Draft Decision is provided below. When a Final Decision is approved by the CPUC, likely in December 2012, ISD will brief your Board, describe any changes that may have occurred between the Draft and Final Decisions, and request approval to accept and manage these funds.

SUMMARY OF THE CPUC DRAFT DECISION

The Draft Decision directs the implementation of energy efficiency programs funded by surcharges from all IOU ratepayers. Due to the significant contributions to IOU energy efficiency programs by the County and other local ARRA-initiated programs, the CPUC authorized funding to continue these programs in 2013 and 2014.

The proposal was approved by the CPUC for \$45 million to continue the programs described below:

Energy Upgrade California

- Continue to implement Flex Path and develop a modified Flex Path to be designed jointly by SCE, SCG and the County. Flex Path is a relatively inexpensive pathway for comprehensive energy upgrades to single family homes which offers incentive rebates for qualifying measures.
- Make Flex Path and, when developed, the modified Flex Path available to homeowners throughout the SCE and SCG service territories.
- Continue successful EUC marketing, education, and outreach efforts.
- Continue EUC workforce development and contractor training programs.
- Broaden successful EUC pilot programs including those supporting multifamily building upgrades and green building certification promotion.

Financing

- Expand the successful private, residential financing program that supports EUC and Flex Path throughout the SCE and SCG service territories.
- Continue to administer and promote non-residential Property Assessed Clean Energy (PACE) financing in Los Angeles County and other PACE jurisdictions in Southern California.
- Continue to develop and expand a public agency energy financing program that targets municipal building projects throughout the region.
- Develop a financing program to support multifamily building upgrades throughout the region.

Public Agency Technical Support

- Continue operating the Southern California Regional Energy Center (SoCalREC), a pilot program developed under ARRA funding and a CPUC grant; SoCalREC provides centralized, energy resources and services to local governments to implement energy efficiency projects in municipal buildings.
- Under SoCalREC, expand the provision of the County's Enterprise Energy Management Information System (EEMIS) and ISD-based energy management services to other local governments.
- Support energy portions of regional climate action planning efforts led by the County under the Los Angeles Regional Collaborative for Climate Action and Sustainability (LARC).

SOUTHERN CALIFORNIA REGIONAL ENERGY NETWORK

Since the ARRA programs were implemented and managed by local governments, the CPUC ordered that groups of regional and local governments could submit proposals under the 2013-2014 Energy Efficiency Program proceeding. These groups were identified as Regional Energy Networks (RENs). Under those instructions, ISD worked with other Southern California local governments and submitted a proposal on behalf of the Southern California Regional Energy Network (SoCalREN), which consists of counties and cities served by both SCE and SCG. The County, through ISD, will continue to manage these programs.

The CPUC 2013-2014 funding will allow the programs to be expanded into other jurisdictions. For example:

- ISD will continue to manage the EUC Flex Path residential incentive program
- Contractors will be allowed to deliver projects in other counties within SCE and SCG service territories
- ISD will administer the incentives, track all of the Flex Path projects, and provide program reports back to the CPUC.

ISD will work with these jurisdictions to form a SoCalREN governance committee that will provide oversight over the administration of the programs by ISD and will authorize any changes to budget and scope significant enough to require CPUC approval.

NEXT STEPS

After a Final Decision is approved by the CPUC, ISD will seek Board approval to execute an agreement with SCE and SCG to continue administration and operation of these programs. Funding will flow through the IOUs to the County and will be managed by ISD with oversight by the SoCalREN executive committee. As all of these programs are currently operating using remaining ARRA funds, ISD will maintain its current administration infrastructure and implementation team to transition the programs from ARRA funding to CPUC funding.

This funding will provide the County valuable opportunities to expand the reach and impact of many successful ARRA initiatives and influence the implementation of energy efficiency programs across the region. The CPUC's allocation of these funds formalizes the County's role as a regional leader in energy efficiency program implementation and validates the success of the County's ARRA-funded programs. These funds will not only allow the County to continue to support and implement energy efficiency programs for residential projects, but also will provide for the significant expansion of program offerings available to non-residential and municipal projects.

ISD will continue to update your Board on the 2013-2014 Energy Efficiency Programs and Budgets proceeding. We will brief your Board on other details about the CPUC funding under the Final Decision (likely in November or December), and will seek your Board's approval to accept the funds (likely in December or January of 2013).

If you have any questions, please contact me at 323-267-2101.

TT:JJ:HC

c: ISD Board Deputies
William T Fujioka, CEO
Ellen Sandt, Deputy CEO